

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (KJC)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING THE FIFTY-FIRST
QUARTERLY FEE APPLICATION OF PRICEWATERHOUSECOOPERS LLP
FOR THE PERIOD OF OCTOBER 1, 2013, THROUGH DECEMBER 31, 2013**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fifty-First Quarterly Fee Application of PricewaterhouseCoopers LLP for the Period of October 1, 2013, through December 31, 2013 (the “Application”).

BACKGROUND

1. PricewaterhouseCoopers LLP (“PwC”) was retained as auditors and tax consultants to the Debtors and Debtors-in-Possession. In the Application, PwC seeks approval of fees totaling \$1,121,343.17¹ and expenses totaling \$14,304.26 for its services from October 1, 2013, through December 31, 2013 (the “Application Period”). Of this amount,

- Fees totaling \$1,070,669.23 and expenses totaling \$14,304.26 are for W.R.

¹We note for informational purposes that PwC billed the time of Audit Partners, Cody L. Smith, Jay B. Seliber, John A. May, Ravi S. Rao, and Robert Martin Barrett at \$1,106.17 per hour, Matthew E. Sabatini at \$1,084.58 per hour, and Sara L. DeSmith at \$1,036.32 per hour.

During the Application Period, Mr. Smith billed 1.0 hour for \$1,106.17 in fees, Mr. Seliber billed 2.0 hours for fees of \$2,212.34, Mr. May billed 1.9 hours for fees of \$2,101.72, Mr. Rao billed 10.5 hours for fees of \$11,614.79, Mr. Barrett billed 1.0 hour for fees of \$1,106.17, Mr. Sabatini billed 1.5 hours for fees of \$1,626.87, and Ms. DeSmith billed 1.5 hours for fees of \$1,554.48.

Grace Audit Services for October 1 – December 31, 2013; and

- Fees totaling \$50,673.94 and no expenses are for the California Water's

Edge Election Tax Project for September 1 – October 31, 2013.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2013, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on PwC based upon our review, and we received a response from PwC, portions of which response are quoted herein.

DISCUSSION

3. We noted the following car service charges for which more information was needed:

Russell Moore	11/14/13	510.81	Car service from airport to hotel in Worms, Germany while visiting client site in Worms
Russell Moore	11/18/13	501.86	Car service from hotel in Worms, Germany to airport while visiting client site in Worms

We asked PwC for additional information concerning these expenses, and PwC responded:

The car expenses were incurred after travel to Frankfurt International Airport. The

professionals stayed at the Prinz Carl Hotel (Prinz-Carl-Anlage 10-14, 67547 Worms, Germany), approximately 63 km from the airport.

When PwC was arranging this trip, the client was consulted regarding the best manner of travel to the site. PwC was advised that it is difficult to find a taxi that will travel that far and there is no easy way to travel by train. Therefore, the client recommended using a car service, which is what they always take. The client sent PwC the information for the car service company they use. Based on this information, PwC determined this was the best way to get to the site and booked using the same service as management. On the return trip, PwC shared the car with members of the client's team.

We researched the cost of airport shuttle services operating between the Frankfurt airport and Worms, and found two quotes for a one-way trip by sedan, one of which was for € 154 (\$208.00) and the other for € 202 (\$273.00). A 20% tip would bring these charges to approximately \$250.00 and \$328.00, respectively. Thus, we recommend that reimbursement for these charges be reduced to \$328.00 each, for a total reduction of \$356.67 in expenses.

4. We noted the following expenses for which more information was needed:

Mario N. Araujo 12/26/2013 13.28 Shipping fees for cash and debt confirmations.

Mario N. Araujo 12/28/2013 353.50 Fees for electronic cash and debt confirmations.

We asked PwC about these expenses, and PwC responded as follows:

Under Generally Accepted Auditing Standards, PwC is required to confirm all banking relationships (cash and debt). For the 2013 audit, PwC sent a total of 134 confirmation requests - 98 electronically (\$353.50 charge) and 36 by mail (\$13.28 charge). The cost of the confirmation requests is set by the requirements of the financial institutions, some of which require the use of the electronic confirmation site, Confirmation.com, while others require confirmation requests via email.

We accept PwC's response and have no objection to these expenses.

CONCLUSION

5. Thus, we recommend approval of \$1,121,343.17 in fees and \$13,947.59 in expenses (\$14,304.26 minus \$356.67) for PwC's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 25th day of April, 2014.



Warren H. Smith

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